



19010853

**ANNUAL AUDITED REPORT  
FORM X-17A-5 /A  
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-40268

**FACING PAGE****Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 01/01/18 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: ICMA-RC Services, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

777 North Capitol Street, NE, Suite #600

(No. and Street)

Washington

DC

20002

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Cliff Richards (202) 962-8947

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

SB&amp; Company, LLC

(Name - if individual, state last, first, middle name)

200 International Circle, Suite #5500Hunt Valley

MD

SEC

21030

(Address)

(City)

(State)

(Zip Code)

Mail Processing  
Section

JUL 09 2019

Washington DC  
408**CHECK ONE:**

Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

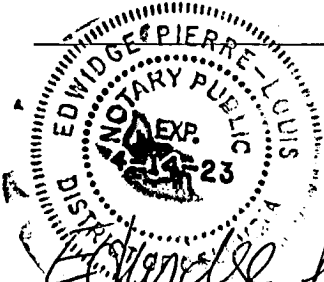
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Richard P. Whitty, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ICMA-RC Services, LLC, as of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Notary Public

Richard P. Whitty  
Signature

Treasurer, ICMA-RC Services, LLC

Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**DECEMBER 31, 2018**

**CONTENTS**

<b>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</b>	<b>1</b>
--	----------

**FINANCIAL STATEMENTS**

Statement of Financial Condition	3
Statement of Operations	4
Statement of Change in Member's Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

**SUPPLEMENTAL INFORMATION**

Computation of Net Capital Pursuant to SEC Rule 15c3-1	11
--	----

**SUPPLEMENTARY REPORT**

Report of Independent Registered Public Accounting Firm on ICMA-RC Services, LLC Claiming an Exemption from SEC Rule 15c3-3	13
Report of Exemption from SEC Rule 15c3-3	14



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
ICMA-RC Services, LLC

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of ICMA-RC Services, LLC (RC Services, a wholly owned subsidiary of the International City Management Association Retirement Corporation) as of December 31, 2018, and the related statements of operations, change in member's equity, and cash flows for the year then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of RC Services as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with the accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of RC Services' management. Our responsibility is to express an opinion on RC Services' financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to RC Services in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. RC Services is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting.



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

As part of our audit we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of RC Services' internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### **Opinion on Supplemental Information**

The computation of net capital pursuant to SEC Rule 15c3-1 (the supplemental information) has been subjected to audit procedures performed in conjunction with the audit of RC Services' financial statements. The supplemental information is the responsibility of RC Services' management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 15c3-1 and Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the computation of net capital pursuant to SEC Rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as RC Services' auditor since 2008.

Washington, DC  
February 27, 2019

*SB's Company, LLC*

**ICMA-RC SERVICES, LLC**

**Statement of Financial Condition  
As of December 31, 2018**

**ASSETS**

Cash and cash equivalents	\$ 753,031
Deposit with clearing agent	20,282
Due from related entity	<u>363,024</u>
<b>Total Assets</b>	<b><u>\$ 1,136,337</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable and accrued expenses	\$ 950
Member's Equity	<u>1,135,387</u>
<b>Total Liabilities and Member's Equity</b>	<b><u>\$ 1,136,337</u></b>

The accompanying notes are an integral part of this financial statement.

# ICMA-RC SERVICES, LLC

## Statement of Operations For the Year Ended December 31, 2018

### Revenue

Intercompany service revenue	\$ 5,338,554
Interest and other income	146
<b>Total Revenue</b>	<u>5,338,700</u>

### Expenses

Personnel expenses	3,298,786
Regulatory expenses	604,953
Information systems and services	472,508
Meetings and travel	354,587
Professional services	309,594
Subscriptions and memberships	213,874
Premises and equipment	60,904
Communications	22,614
Supplies and other miscellaneous expenses	734
<b>Total Expenses</b>	<u>5,338,554</u>
<b>Net Income</b>	<u>\$ 146</u>

The accompanying notes are an integral part of this financial statement.

**ICMA-RC SERVICES, LLC**

**Statement of Change in Member's Equity  
For the Year Ended December 31, 2018**

Member's Equity, beginning of year	\$ 1,135,241
Net income	<u>146</u>
Member's Equity, End of Year	<u><u>\$ 1,135,387</u></u>

The accompanying notes are an integral part of this financial statement.



**ICMA-RC SERVICES, LLC**

**Statement of Cash Flows  
For the Year Ended December 31, 2018**

**Cash Flows from Operating Activities**

Net income	\$ 146
Adjustments to reconcile net income to net cash from operating activities:	
Effect of changes in non-cash operating assets and liabilities:	
Prepaid expenses	23,285
Due from related entity	(14,808)
Accounts payable and accrued expenses	<u>(467)</u>
<b>Net Cash Flows from Operating Activities</b>	<b>8,156</b>
Cash and cash equivalents, beginning of year	<u>744,875</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 753,031</u></b>

The accompanying notes are an integral part of this financial statement.

## **ICMA-RC SERVICES, LLC**

### **Notes to the Financial Statements December 31, 2018**

#### **1. BACKGROUND OF ORGANIZATION**

ICMA-RC Services, LLC (RC Services) was formed under the laws of the State of Delaware on December 31, 1998, as a limited liability company and is a broker-dealer registered under the Securities Exchange Act of 1934. It was organized to provide services as a broker-dealer with respect to mutual funds registered under the Investment Company Act of 1940 and unregistered commingled trust funds. RC Services is a wholly owned subsidiary of the International City Management Association Retirement Corporation (ICMA-RC). Since April 2017, RC Services has engaged in two lines of business: 1) marketing the collective investment trusts ("CITs" or the "Vantagepoint Funds") maintained by VantageTrust Company, LLC ("VTC") to retirement plans as part of the Defined Contribution Investment Only ("DCIO") initiative; and 2) providing educational support to ICMA-RC's retirement plan recordkeeping clients.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The accompanying financial statements of RC Services are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### **Cash and Cash Equivalents**

RC Services considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2018, cash and cash equivalents consisted of money market funds.

## **ICMA-RC SERVICES, LLC**

### **Notes to the Financial Statements December 31, 2018**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Income Taxes**

RC Services is a single member limited liability company disregarded as an entity separate from ICMA-RC for Federal income tax purposes pursuant to Treasury Regulation 26 C.F.R. 301.7701-1, et. seq. ICMA-RC, RC Services' sole member, is an organization exempt from Federal income tax as described in the Internal Revenue Code 26 U.S.C. 501(c)(3). For Federal income tax purposes, RC Services is treated as a branch or division of ICMA-RC.

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, establishes guidelines for recognizing, measuring, and disclosing tax return positions in financial statements. Management has evaluated the tax positions of RC Services and determined that the application of ASC 740 had no material impact on its financial statements. Accordingly, no adjustments for unrecognized tax benefits or related interest or penalties were required as of December 31, 2018.

If applicable, RC Services would recognize accrued interest and penalties related to unrecognized tax benefits in the accompanying Statement of Operations. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits would significantly increase or decrease during the next twelve months. Each of the tax years in the four-year period ending December 31, 2018, remains subject to examination by Federal taxing authorities; however, certain state taxing authorities may lengthen this period to five years.

#### **3. RELATED-PARTY TRANSACTIONS**

ICMA-RC provides RC Services certain operational support services, including the marketing, development, and product management of certain products offered by the Collective Investment Trusts managed by ICMA-RC. The expenses reported by RC Services represent the actual direct expenses incurred by RC Services, plus additional expenses allocated to RC Services by ICMA-RC to provide such services. Such additional expenses allocated to RC Services for services provided may not be the same as would be charged for such services from an unrelated entity.

During the year ended December 31, 2018, ICMA-RC allocated operating expenses in the amount of \$4,727,337 to RC Services under the Assignment and Expense Agreement between ICMA-RC and RC Services. Intercompany service revenue is allocated from ICMA-RC to compensate RC Services for services performed on behalf of ICMA-RC. The revenue is recorded when the related expenses are incurred. The revenue allocated from ICMA-RC during the year ended December 31, 2018 was \$5,338,554.

## **ICMA-RC SERVICES, LLC**

### **Notes to the Financial Statements December 31, 2018**

#### **3. RELATED-PARTY TRANSACTIONS (continued)**

The due from related entity balance represents amounts owed from ICMA-RC to RC Services, which are primarily from intercompany revenue and expense allocations per the Assignment and Expense Agreement between RC Services and ICMA-RC.

#### **4. NET CAPITAL REQUIREMENT**

##### **Regulatory Requirements**

RC Services is subject to Securities Exchange Act Rule 17 C.F.R. § 240.15c3-1 (the Net Capital Rule). This rule requires a broker-dealer to maintain at all times certain net capital levels (as defined). Currently, RC Services is subject to the Aggregate Indebtedness Standard of the Net Capital Rule, meaning its aggregate indebtedness shall not exceed 15 times its net capital. Further, RC Services is required to maintain a minimum net capital of \$5,000 or the amount required by its aggregate indebtedness ratio, whichever is higher. RC Services is exempt from the requirements of Securities Exchange Act Rule 17 C.F.R. § 240.15c3-3 (the Customer Protection Rule) because RC Services' activities are limited to those set forth in the conditions of exemption appearing in paragraph (k)(2)(i) of that rule.

As of December 31, 2018, RC Services had net regulatory capital of \$772,363, which was \$767,363 in excess of its required net capital of \$5,000. RC Services' aggregate indebtedness to net capital ratio was 0.12%.

There are no liabilities subordinated to the claims of general creditors as of December 31, 2018.

#### **5. SUBSEQUENT EVENTS**

Management has evaluated events or transactions that may have occurred since December 31, 2018, which would merit recognition or disclosure in the financial statements. Subsequent events occurring after the date of this report have been evaluated for potential impact to this report through February 27, 2019.

## **SUPPLEMENTAL INFORMATION**

## ICMA-RC SERVICES, LLC

### Computation of Net Capital Pursuant to SEC Rule 15c3-1 As of December 31, 2018

Ownership equity	\$ 1,135,387
Less: non-allowable assets*	<u>363,024</u>
Net capital before haircuts	772,363
Less: haircuts	<u>-</u>
Net capital	<u>772,363</u>
Net capital requirement (greater of 6 2/3% of aggregate indebtedness or \$5,000)	<u>5,000</u>
Excess net capital	<u>\$ 767,363</u>
Aggregate indebtedness	\$ 950
Net capital less greater of 10% of aggregate indebtedness or 120% of \$5,000	<u>\$ 766,363</u>
Ratio of aggregate indebtedness to net capital	<u>0.12%</u>

\* Represents due from related entity.

There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the RC Services' unaudited December 31, 2018, Part IIA Financial and Operational Combined Uniform Single Report (FOCUS) filing.

## **SUPPLEMENTARY REPORT**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM ON ICMA-RC SERVICES, LLC  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Member of  
ICMA-RC Services, LLC

We have reviewed management's statements, included in the accompanying Report of Exemption from SEC Rule 17 C.F.R. § 240.15c3-3, in which (1) ICMA-RC Services, LLC (RC Services), identified the following provisions of 17 C.F.R. § 15c3-3(k) under which RC Services claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the exemption provisions) and (2) RC Services stated that RC Services met the identified exemption provisions throughout the most recent fiscal year without exception. RC Services' management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about RC Services' compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Washington, DC  
February 27, 2019

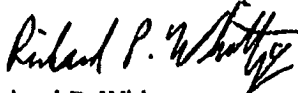
*SB & Company, LLC*



**ICMA-RC SERVICES, LLC**

**Report of Exemption from SEC Rule 15c3-3  
For the Year Ended December 31, 2018**

ICMA-RC Services, LLC's management is responsible for compliance with the exemption provision of Rule 17 C.F.R. § 240.15c3-3 under the Securities and Exchange Commission (SEC) and this report. The following statements are made to the best knowledge and belief that (1) ICMA-RC Services, LLC is exempt from the provisions of Rule 15c3-3 of the SEC because it meets conditions set forth in paragraph (k)(2)(i) of that Rule and (2) ICMA-RC Services, LLC met the identified exemption provisions in paragraph (k)(2)(i) of Rule 15c3-3 throughout the year ended December 31, 2018, without exception.



Richard P. Whitty  
Treasurer, ICMA-RC Services, LLC